

## PROPOSED WAIVERS

### Hawaii Workforce Development Council

For discussion – August 13, 2009 WDC quarterly meeting

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To help facilitate the development of new Workforce programs based on the philosophy of the American Recovery and Reinvestment Act ("ARRA"), the Hawaii Workforce Development Council ("WDC") has been working on drafting two new Waiver requests.

#### **WAIVER 1: To Allow the State of Hawaii to Use Rapid Response Funds for Incumbent Worker Training.**

##### Purpose:

This waiver would expand the flexibility of Local Workforce Investment Boards (LWIBs) to use funds currently allocated for Rapid Response (mass industry unemployment events that activate federally funded "rapid response" teams from the DLIR) to be moved to incumbent worker training programs.

The ability to add money to programs that upgrade skills of those currently working provide new opportunities for workers to continue to remain employed or seeks out better opportunities in their selected industry. The flexibility of using rapid response money for incumbent worker training is sought also in response to the anticipated green-layering of existing occupations per provisions of the ARRA.

Application of this waiver by the LWIB's will enhance the overall state's efforts for job retention and rapid re-employment during these tough economic times. Feedback from industry shows that there is a deep reservoir of demand for incumbent worker training.

##### Questions that need to be addressed in the Waiver

The USDOL, under the Obama Administration, has enhanced the minimum requirements for incumbent worker training Waivers. These enhancements are in the form of three questions the USDOL requires answers to in the Waiver, for evaluation. These questions are:

- The state/local area's overall layoff aversion approach;
- How Incumbent Worker Training ("IWT") programs are currently delivered? The USDOL is specifically looking at what target industries would an IWT be most effective in; and
- how the state selects companies to be candidates for IWT. More specifically, the USDOL is asking: Criteria that the state considers in identifying appropriate uses of IWT

These questions are currently being reviewed by the WDC. Once the answers are researched, they will be put into the Waiver language and submitted.

**WAIVER 2: Waiver of the reimbursement rate of 50 percent to employers for providing on-the-job training opportunities for adults**

**Purpose:**

Under this Waiver, the Local Workforce Investment Boards would be authorized to establish a sliding scale. Instead of a flat 50 percent reimbursement rate for on the job training, regardless of company size, a sliding scale system would be implemented to provide flexibility of reimbursement, based on the size of the company. The proposed waiver would call for:

- Companies with 50 or fewer employees: 10% reimbursement of the costs;
- Companies with 50-100 employees: 25% reimbursement of the costs; and
- Companies with more than 100 employees: 35% reimbursement of the costs.

By removing the requirement for a 50 percent employer match toward the cost of on-the-job training ("OJT"), LWIBs and their service providers will be able to more effectively market on-the-job training to the private sector and build or expand relationships with employers in demand/high growth industries. The proposed waiver will increase the responsiveness of the LWIBs in dealing with the increased number of unemployed in Hawaii during this economic downturn

Because of available funds provided through the American Recovery and Reinvestment Act for OJT, this waiver is being submitted. This will allow the efficient use of OJT money to impact the maximum amount of people who are in need of this type of training. Because of the flexibility of using a sliding scale, rather than using a set percentage for any company, it will allow those companies that have shied away from OJT programs due to their cost to once again evaluate and implement these programs.